

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND REVENUE
APPROPRIATIONS SUBCOMMITTEE**

Room W140 West Office Building, State Capitol Complex

January 10, 2007

Members Present: Sen. Bill Hickman, Co-Chairman
Rep. Sheryl Allen, Co-Chairman
Sen. Gene Davis
Sen. Dan Eastman
Rep. Jim Bird
Rep. Jackie Biskupski
Rep. Julie Fisher
Rep. Steven R. Mascaro

Members Excused:

Staff Present: Dr. Andrea Wilko, Fiscal Analyst
Juliette M. Tennert, Fiscal Analyst
Jennifer Eyring, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Hickman called the meeting to order at 8:40 am and welcomed everyone present.

Members of the staff were introduced and Rep. Bird was introduced and welcomed as a new member of the Legislature.

Dr. Andrea Wilko gave an explanation of appropriations spending limits. Spending limits are formulated by a per capita amount, and adjusted by population and inflation. Because of a significant growth in revenue and a less significant growth in population and inflation, spending limits will be a factor to consider in each area of appropriations.

Dr. Wilko gave an overview of the base budget, including a breakdown by agency. The base budget contains ongoing funds and positive adjustments to federal funds, dedicated credits and non-lapsing balances. The distribution of mineral lease revenues was discussed. The amount of revenue from mineral leases has increased over historical levels.

From "An Overview of Economic Development Incentives", prepared by Dr. Wilko, the Governor's Office of Economic Development use of incentives was explained. Incentives covered were the Industrial Assistance Fund, Tax Increment Financing and Aviation

Development Zones, the Tourism Marketing Performance Fund and the Motion Picture Incentive Fund.

Dr. Wilko gave an overview of the Department of Community and Culture budget.

The Department serves a broad range of constituents and includes the Divisions of State History, State Library, Arts and Museums, Community and Housing Development, Indian Affairs and an Administration division. The appropriations from the previous year were reviewed. Details can be found in the "Compendium of Budget Information for the 2007 General Session".

Palmer DePaulis, Director, Department of Community and Culture, presented the department overview. Margaret Hunt, Director, Division of Arts and Museums, Philip Notarianni, Director, Division of State History, Donna Jones Morris, Director, Division of State Library, Gordon Walker, Director, Division of Housing and Community Development, Forrest S. Cuch, Director, Division of Indian Affairs, Luz Robles, Director, Office of Ethnic Affairs, and Ally Isom, Deputy Director, Department of Community and Culture, were introduced to the committee.

A major goal of the department is to have greater public access to the resources and collections covered by the various divisions. Digitizing resources is one way to help the resources to be accessible to citizens throughout the state. A business plan has been prepared in partnership with the Department of Technology Services.

The following requests for ongoing funding were made by the Department.

- 1) \$500,000 for digitization
- 2) \$59,600 for a research position
- 3) \$750,000 for the Pamela Atkinson Homeless Fund
- 4) \$750,000 for the Olene Walker Housing Trust Fund
- 5) \$65,000 for the Commission on Volunteers
- 6) \$200,000 for the Library grants

The following requests for one time funding were made by the Department.

- 1) \$1,300,000 for digitization
- 2) \$1,000,000 for The Leonardo project
- 3) \$100,000 for grants for arts organizations
- 4) \$1,000,000 for the Pamela Atkinson Homeless Fund
- 5) \$500,000 for the Weatherization project

Dr. Wilko gave an overview of the budget for the Governor's Office of Economic Development. The three line item areas are Administration, Tourism, and Business Development.

Jason Perry, Executive Director, Governor's Office of Economic Development, assisted by Mike Nelson, Director, Corporate Recruitment, Retention and Incentives, presented the department's overview. The following Building Block requests were discussed, some of which are statutory.

- 1) \$13,000,000 and \$3,000,000 for the Tourism Marketing Performance Fund
- 2) \$1,408,600 for the Industrial Assistance Fund
- 3) \$1,719,000 for the Economic Development Tax Increment Fund
- 4) \$3,500,000 ongoing funding and \$1,500,000 one time funding for the Motion Picture Incentive Fund
- 5) \$350,000 for an economic study on a health care plan for small business

Leigh von der Esch, Director, Governor's Office of Tourism and Aaron Syrett, Director of the Film Commission were introduced. The Centers for Excellence program was discussed and Nicole Toomey Davis, Director, Centers for Excellence, was complimented for her work with the Centers. The program works in conjunction with USTAR.

Juliette Tennert, Fiscal Analyst, gave an overview of the USTAR program funding.

Ted McAleer, Executive Director, USTAR, presented an update on the program using a handout presented to the committee. Included in the handout are background information, funding, organization, University of Utah Initiatives, Utah State Initiatives and the Technology Outreach programs. Stan Kanarowski, Program Director, Tech Outreach Program and Suzanne Winters, Director, Salt Lake Community College Tech Outreach Program were introduced.

Juliette Tennert provided the overview of the Tax Commission. Information included an organization chart, the base budget for 2008, and the Arches Project.

Rod Marrelli, Executive Director, Tax Commission, introduced Julie Alsop, Budget Officer, Pam Hendrickson, Chair, Tax Commission, and referred to the remaining Tax Commissioners who were not there, Bruce Johnson, Marc Johnson, and D'Arcy Dixon Pignanelli.

Mr. Marrelli discussed the areas of responsibilities, primary mission and goals of the Tax Commission. The Arches project update report was explained. A request was made for \$10,000,000 for the continuation of the project to cover the sales tax component. Additional funding was requested to cover the cost of motor vehicle office rent increases and postage increases. Key performance measures were also reported.

Dr. Wilko discussed the Issue Brief on requests for appropriations. Twelve requests have been currently been made. The deadline for requests is later in the session.

MOTION: Rep. Mascaro moved to adjourn the meeting. The motion passed unanimously.

Sen. Hickman adjourned the meeting at 11:25 am.

Sen. Bill Hickman, Co-Chair

Rep. Sheryl L. Allen, Co-Chair